



FARE

Issue 31
CAES Awards Issue

Sharing valuable insights

Share

What's Inside?

This edition of *FARE Share* highlights the achievements of FARE faculty and students at the 2021 Canadian Agricultural Economics Society (CAES) Awards. The annual program encourages professional excellence among students and members. Winners are selected on the basis of their achievements and recognized at the Annual Awards Banquet each June.

Congratulations to all the participants!

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The FARE Share Newsletter features research and analysis from faculty and students in the Institute for the Advanced Study of Food and Agricultural Policy in the Department of Food, Agricultural and Resource Economics (FARE).



Alan Ker Named CAES Fellow

Professor Alan Ker has achieved the highest honour that the Canadian Agricultural Economics Society (CAES) bestows upon its members. He was named CAES Fellow for his distinguished contributions to the advancement of agricultural and resource economics at the recent CAES Annual Meeting. Join us in congratulating our new CAES Fellow Alan Ker.

“I am very honoured to be named CAES Fellow. The Society has a rich history of significant contributions to both the discipline as well as Canadian public policy,” says Alan, the OAC Research Chair in Agricultural Risk and Policy and Director of the Institute for the Advanced Study of Food and Agricultural Policy.

“Alan is a giant in the international agricultural economics community. He is a brilliant scholar who has made many important contributions to knowledge.”

For more than 25 years, Alan has made outstanding contributions to research, teaching, outreach and the CAES itself. He served as an active member of the society and provided leadership as the President, Past-President, and President-Elect and is presently the managing editor of the *Canadian Journal of Agricultural Economics (CJAE)*. This latter role came at a crucial time when the CAES was dealing with financial challenges. His willingness to step into this role was critical from that dimension but it also breathed new possibilities into the journal. For example, during the early stages of COVID-19, as a managing editor, he created a special issue (followed by a second issue a year later) to directly address the threat of COVID-19 to the food system. This timely issue was read widely by academics and government officials and it was very helpful in informing researchers and policymakers about this issue.

His leadership efforts on the behalf of the CAES emerge from a lifetime of leadership to the profession of agricultural economics. He has served as Department Chair at the University of Guelph and the University of Arizona. He has also served as president of the Econometrics section of the American Agricultural Economics Association.

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Institute for the Advanced Study
of Food and Agricultural Policy

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“Alan’s high-quality teaching and outreach efforts are paralleled by a successful research career that has propelled him and his students to successfully publish in the highest quality journals in our profession.”

Since 2014, Alan has led the Institute for the Advanced Study of Food and Agricultural Policy. In this capacity, he has advanced the entire profession. His efforts through the Institute for the Advanced Study of Food and Agricultural Policy are too numerous to name but include support for graduate students and dissemination of research to the food, agriculture and resources industries, governments (at different levels) and non-governmental organizations. The Institute is also a regular sponsor of the CAES annual policy conference and supports student travel to the conference. The Institute has supported outreach efforts that include Policy Conferences, regular newsletters and podcasts.

His quality outreach efforts are paralleled by a successful research career that has propelled him and his students to successfully publish in the highest quality journals in the profession. Alan’s Ph.D., which is in both economics and statistics, has allowed

him to make significant contributions in the economics of crop insurance and the statistics of small sample efficiency of nonparametric estimators. The numerous publications listed in his CV are testimony to his capacity to make substantial contributions to knowledge development in his research area. He has, for example, many publications in the *American Journal of Agricultural Economics*. As one nominator points out, his contribution is substantive: “His [Alan’s] research has had a very important impact on the main agricultural support program used in the US and Canada – subsidized crop insurance... It is not an exaggeration to say that Alan’s work with the [Risk Management Agency of the USDA] agency has moved many millions of dollars in the program. His contributions have benefitted US and Canadian taxpayers and farmers by making vast improvements to operational aspects of insurance programs.” The quality of Alan’s research is reflected in statements like these, numerous publications, and substantive research presentations throughout the world.

“Alan is a leading researcher in the relationship between climate change and crop yields and in this capacity, he will contribute to the evolution of agriculture in Ontario and more broadly in Canada.”

In the midst of all of these research and outreach efforts, Alan has provided remarkable and successful leadership to his students. For example, in 2017 his students won both the M.Sc. Outstanding Thesis and Ph.D. Outstanding Dissertation Awards from the CAES. He has been able to successfully publish with his students as well. For example, he published two papers in the *AJAE* with a recent student Tor Tolhurst. His attention to his students means that they occupy professional and academic positions throughout the world. Alan has advised at least three who are presently in academic positions in top Universities in North America. In total, Alan has advised more than 20 M.Sc. students and eight Ph.D. students.

“Alan is a tremendous asset to our profession and CAES more specifically. His accomplishments are incredibly impressive, and the best part is that he is not even close to being done!”

Congratulations to Alan on this distinguished achievement and for his enduring impact on the agricultural economics profession.

“The best evidence of the outstanding quality of Alan’s research are his 46 peer-reviewed journal articles, including one paper in the *Review of Economics and Statistics*, one of the best general economics journals, seven in the *AJAE*, the flagship journal of our profession, and eight in the *CJAE*.”



Outstanding Master's Thesis Award

Awarded for exceptional quality with respect to the subject matter of the research as well as the way the research has been conducted.

Honorable mention:

Amanda Norris, former M.Sc. Student, FARE and Economist, Agriculture and Agri-Food Canada

Master's Thesis:

“Context Specific Factors Affecting Consumer Preferences for Antibiotic and Hormone Use During the Production of Beef in Canada”

The use of antibiotics and hormones is approved for the beef industry in Canada. However, these products cause concern about health amongst some stakeholders. We have seen the agriculture and agri-food sector react to these concerns by providing differentiated beef products that are raised without the use of antibiotics and hormones. In addition, we have seen an increased interest in the responsible use of antibiotics during the production by government and industry groups. The responsible use of antibiotics allows for some antibiotics to be used for disease prevention or if animals get sick, but restricts the use of antibiotics important for human health. There is no widespread production and marketing of beef products categorized as raised with the responsible use of antibiotics. This, however, may provide an attractive product to consumers. The current regulations for beef production are consistent with what we define as responsible use.

To study consumer preferences and willingness-to-pay for different antibiotic and hormone beef production methods, an online, stated preference survey including a discrete choice experiment was employed to understand the trade-off consumers make between price and the intrinsic attributes of antibiotic and hormone use. In discrete choice experiments, we present a series of hypothetical

“The use of antibiotics and hormones is approved for the beef industry in Canada. However, these products cause concern about health amongst some stakeholders.”

products, each with a differing set of attributes, to respondents to determine which attributes they prefer most. The inclusion of price allows an estimation of willingness-to-pay for the intrinsic attributes of interest. Stated preference surveys are useful to help predict demand for new products that are not currently available in the market, using hypothetical scenarios.

The researchers find that consumers are willing to pay a premium for beef raised without the use of antibiotics and hormones. The premium is, however, much lower when consumers are told what

the responsible use protocol is (government approvals, withdrawal times, used only therapeutically), which may suggest that a better understanding of beef production practices may reduce the interest in raised without products.

The researchers also find that consumers are heterogeneous in their preferences and willingness-to-pay. This means there is considerable dispersion in the willingness-to-pay for different products depending on the specific characteristics. The premiums differed across purchase location, product, and information treatment with important implications for grocery retailers, foodservice locations and public policy. Findings suggest that beef sold in grocery stores receive a higher percent premium than in restaurants for all levels of antibiotic and hormone use. Providing more information about production practices has the greatest impact on the lesser known ‘raised with the responsible use of antibiotics’ attribute. It is worth noting that the absolute value of the premium in restaurants was higher, but the percentage was lower because restaurant meals are more expensive and include other ingredients.

“...a better understanding of beef production practices may reduce the interest in raised without products.”

Finally, the implications of this research are important for public policy decisions related to the research on antimicrobial resistance and beef exports. Understanding consumers’ preferences in both domestic and international markets for different production protocols can help drive decisions on the types of products offered to the market.

Advisors: John Cranfield, FARE Professor and Associate Dean (External Relations), Ontario Agricultural College, University of Guelph, and Michael von Massow, Assoc. Professor and OAC Chair in Food Systems Leadership

To read the complete thesis, scan this QR Code:





Outstanding Journal Article Award

Awarded for achievement in agricultural economics, resource economics and farm management for articles appearing in the Canadian Journal of Agricultural Economics.

Winner:

B. James Deaton, FARE Professor, McCain Family Chair in Food Security; Alexander Scholz, former Graduate Student, FARE; and Bethany Lipka, Research Associate, FARE

Journal Article:

“An empirical assessment of food security on First Nations in Canada”

Using data generated from surveys conducted on First Nations throughout Canada, the authors used regression analysis to examine factors influencing food insecurity. This is believed to be the first time a regression-based analysis has been conducted to examine food insecurity on First Nations in Canada. As expected, income is inversely related to the likelihood that one reports their household as experiencing food insecurity. In addition, individuals in extremely remote areas are more likely to report their household as experiencing food insecurity. Although traditional food consumption is prevalent, the authors do not find evidence that it is associated with reductions in the prevalence of self-reported household food insecurity. The study also finds that gender and mental health are associated with perceived household food insecurity.

“Although this study is novel, it should be viewed as an initial effort to establish potential relationships that underscore one of the most important issues facing Canada: the high prevalence of food insecurity in First Nations communities.”

To read the complete article, scan this QR Code:



Book Prize Award

Recognizes and encourages the achievement of an undergraduate student in their study and application of agricultural, food or resource economics, or farm management, or related fields of study.

Winner:

Radine Kruisselbrink, Food and Agricultural Business, 2021, Bachelor of Commerce Undergraduate Student

Radine Kruisselbrink is an accomplished Food and Agricultural Business student. In April 2021, she placed third amongst students from across North America in the National Agri-Marketing Association’s annual sales competition.

The virtual competition brought students from across North American together to role play an agricultural sales call. Kruisselbrink advanced from the preliminary round with a strong call where she worked through the soybean seed and herbicide decision with a large producer.



Paper Presentations

Several FARE faculty members and students presented research papers throughout the five-day CAES program.



Does positive information cancel out warning labels?

By: Laura Stortz, M.Sc. Student, FARE; Yu Na Lee, Assistant Professor, FARE; and Michael von Massow, Assoc. Professor and OAC Chair in Food Systems Leadership

Food shoppers face a barrage of information on packages in the grocery store. Food packages display a laundry list of attributes. Positive claims presented front-of-package (FoP), such as ‘High in Fibre,’ ‘Low Fat,’ ‘Natural,’ and ‘Made with Whole Grains,’ compete with each other for consumers’ attention. The Canadian government wants to tackle the obesity epidemic by legislating more labeling: mandatory FoP nutrition warning labels for foods that contain more than 15% of the daily recommended grams of sugar, sodium or saturated fat. According to the proposed legislation, the additional voluntary positive product information will still be allowed on packages with some location restrictions.

Given this policy backdrop, we assess how consumers balance the presence of negative and positive information presented on the FoP of processed foods in a grocery store setting. Does positive information cancel out negative information on the food packages? How does the number of positive claims affect consumer choices? We had 202 adults from Guelph and the vicinity come to a mock grocery store located at the University of Guelph between November and December in 2019. Participants completed a mock grocery shopping task and an exit survey. Each participant had to go home with a randomly selected item from their basket of chosen items and the price of the randomly selected item was deducted from the \$20 compensation for participation. This compensation scheme is designed to minimize hypothetical bias. Half of the participants shopped in an environment without the FoP warning labels, and another half shopped in an environment with the FoP warning labels attached to foods ‘high in’ sugar, sodium, or saturated fat.

We find that the FoP warning label decreases the demand by about 18 percent. We also find that positive claims tend to cancel out the negative effect of the FoP warning labels on consumer demand. This canceling out effect tends to be more pronounced for younger adults aged 18-24 and individuals with a lower educational attainment level of high school or below. When there are more than four different positive claims presented on the FoP of a product, the consumer demand starts to be negatively affected, which implies information overload. Our results suggest that regulations and marketing strategies using FoP labels and claims need to be carefully designed by considering the interactive effects of multiple claims on consumer choice.

An Analysis of Portion Cap Rules with a Multi-Product Seller

By: José Nuno-Ledesma, Assistant Professor, FARE

Cap rules limit the maximum default size at which products can be offered. They have been proposed to regulate the consumption of ingredients deemed unhealthy when consumed liberally. When proposed, caps are dismissed because intuition suggests they unavoidably impact consumers. This may not hold across the board when sellers practice bundling. Bundling is a selling strategy to give consumers the product they want (e.g., a burger) tied to other goods they may not value as much (e.g., a large portion of fries). If the cap does not affect the burger but reduces the portion of fries, the measure benefits consumers who value burgers but do not appreciate fries as much.

Other papers presented at the CAES Annual Meeting

- “Evaluating a Portion Cap Rule with Two Products: An Experiment” by José Nuno-Ledesma
- “The Effects of Financing Constraints on Cooperative Firms’ Investment in Canada” by Getu Hailu
- “A Cost-Benefit Analysis of Phragmites Control in Ontario” by Richard Vyn
- “Destination-Specific Competitiveness of Canola Exports from Canada: Implications for Recent Trade Dispute between Canada and China” by Vivian Tran and Rakhil Sarker
- “Economic Impacts of an African Swine Fever Outbreak on Canada’s Pork Industry” by Scott Biden and Alan Ker
- “Optimal Sequential Crop Choices in the Presence of Carbon Offset Markets” by Daniel Schuurman, Alfons Weersink and Aaron De Laporte
- “Business Risk Management Program, Risk Balancing and the Beef Sector in Ontario” by Rakhil Sarker
- “The Impact of Local Labelling on Established Brands and New Entrants in the Condiment Category” by Mike von Massow and Jennifer Leslie



Enduring Quality Award

Awarded to books, articles within books, and journal articles that have had a significant impact on agricultural, food and resource economics with a publish date of at least 10 years ago.



Winner:

Zahoor ul Haq, former Graduate Student, FARE and Professor and Vice Chancellor, Abdul Wali Khan University Mardan Pakistan; Hina Nazli, former Graduate Student, FARE and Independent Researcher/Freelancer; and Karl Meilke, OAC Professor Emeritus, FARE

Article:

Implications of High Food Prices for Poverty in Pakistan.
Agricultural Economics, 39, 477-484 (2008).

The analysis for this article was conducted by Zahoor and Hina while they were FARE doctoral candidates as part of an international competition to shed light on the ‘food crisis.’

The late 2000s were characterized by an unexpected and rapid increase in agricultural commodity prices. During this period, the nominal prices of many staple food commodities reached their highest levels in nearly 50 years – generating food riots in some developing countries. This provided the backdrop for the research conducted by the authors.

The authors selected Pakistan for a case study of the effects of unexpected food price increases on poverty in a developing country. Their method of analysis and their conclusions remain relevant in 2021, as we are again seeing a spike in basic agricultural commodity prices.

“The rapid rise in food prices increased poverty most severely in Pakistan’s urban areas where poverty increased by 44.6 percent as compared to 32.5 percent in rural areas.”

The strength of this article is the sound footing of its theoretical base. In simple terms, compensated price elasticities are used to convert unexpected food price changes into equivalent income

changes. These income changes are then used, along with poverty line data, to determine the impact of food commodity price spikes on poverty after accounting for both direct and cross price effects.

The rapid rise in food prices increased poverty most severely in Pakistan’s urban areas where poverty increased by 44.6 percent as compared to 32.5 percent in rural areas. Even more troubling, 2.3 million people were unable to reach even one-half of poverty line expenditures.

“Looking forward, the policy environment, especially with respect to the support prices for cereals, should be reconsidered.”

In a crisis, it is important to ensure food availability by discouraging hoarding and making food available to those who are starving. Looking forward, the policy environment, especially with respect to the support prices for cereals, should be reconsidered. Keeping cereal prices artificially low discourages domestic production. However, if the government increases cereal prices to international levels, safety nets will be required for the most vulnerable households.

To read the complete article, scan this QR Code:



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